

WINDERMERE REAL ESTATE PRESENTS

THE GARDNER REPORT

OREGON & SOUTHWEST WASHINGTON | SECOND QUARTER 2017

The following analysis of the Oregon and Southwest Washington real estate market is provided by Windermere Real Estate Chief Economist Matthew Gardner. We hope that this information may assist you with making better-informed real estate decisions. For further information about the housing market in your area, please don't hesitate to contact me.



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ABOUT MATTHEW GARDNER Mr. Gardner is the Chief Economist for Windermere Real Estate, specializing in residential market analysis, commercial/industrial market analysis, financial analysis, and land use and regional economics. He is the former Principal of Gardner Economics, and has more than 30 years of professional experience both in the U.S. and U.K.

ECONOMIC OVERVIEW

Oregon has added 46,500 new jobs over the past 12 months with impressive gains seen in the professional and business services, leisure and hospitality, and trade sectors. Also of interest is that the construction sector continues to expand rapidly, potentially signifying greater interest in adding to the region's housing supply. Year-over-year, employment in Oregon has risen by 2.5%.

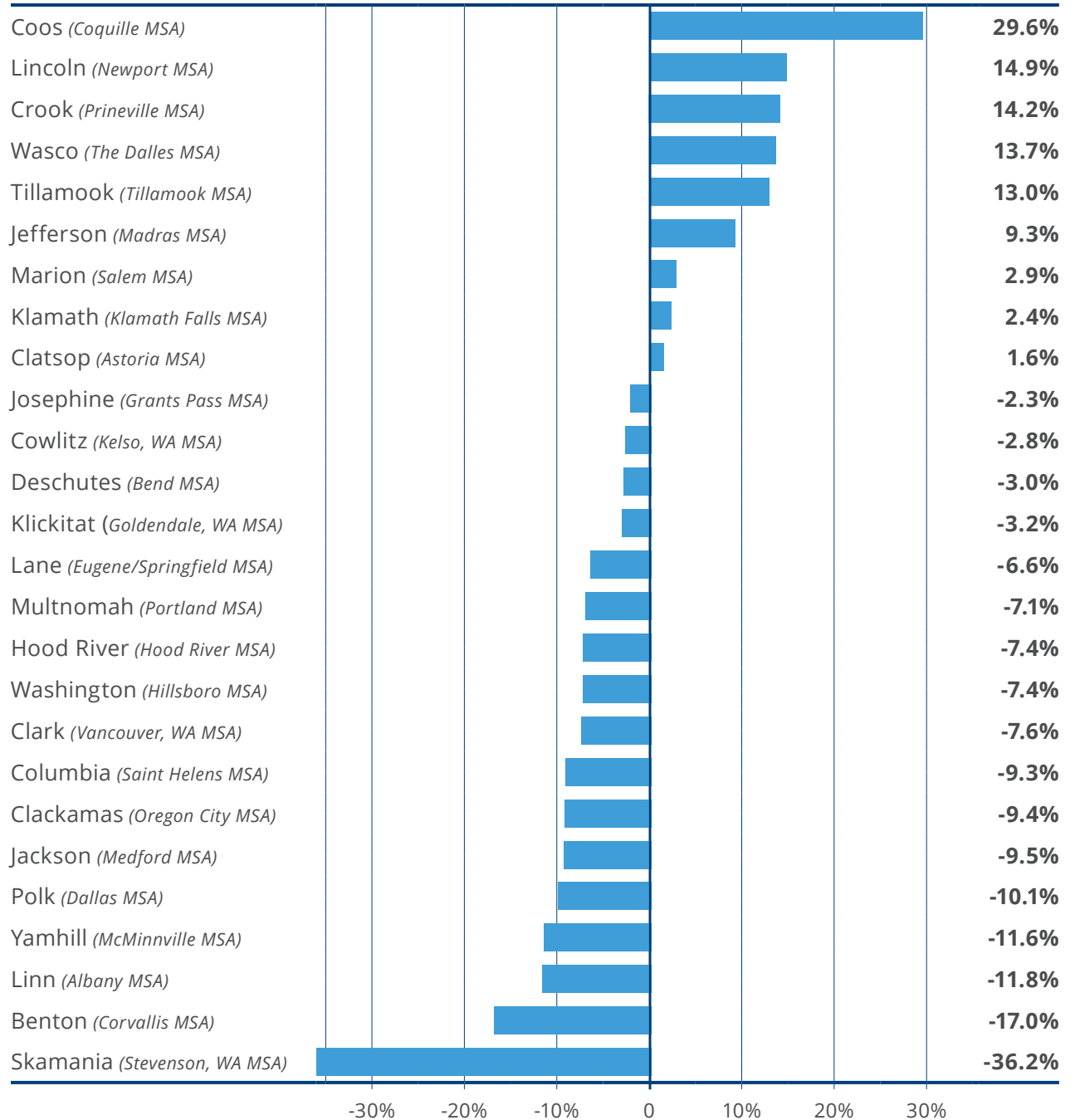
In May, the state unemployment rate fell slightly to 3.6%. Unemployment was 3.7% in April of this year and 5% in May of 2016. As unemployment edged down, the labor force hit a record high. In May, Oregon's labor force rose above 2.1 million for the first time and grew by 40,000 in the first five months of this year.

HOME SALES ACTIVITY

- Second quarter home sales fell by 5.6% compared to the same period last year. In total, 17,409 homes sold in the second quarter of this year.
- Sales rose the fastest in Coos County, which saw a 29.6% increase over the second quarter of 2016. There were also noticeable sales increases in Lincoln, Crook, Wasco, and Tillamook Counties. Home sales fell the most in Skamania, Benton, Linn, Yamhill, and Polk Counties.
- Year-over-year sales rose in nine counties, but 17 counties reported declines.
- The low level of available inventory continues to affect the market, which is causing sales to slow. Sellers remain firmly in the driver's seat.

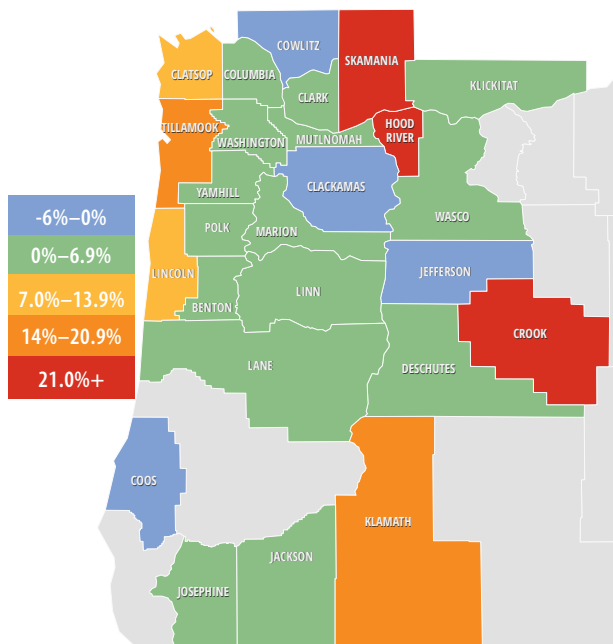
ANNUAL CHANGE IN HOME SALES

Q2-2016 TO Q2-2017



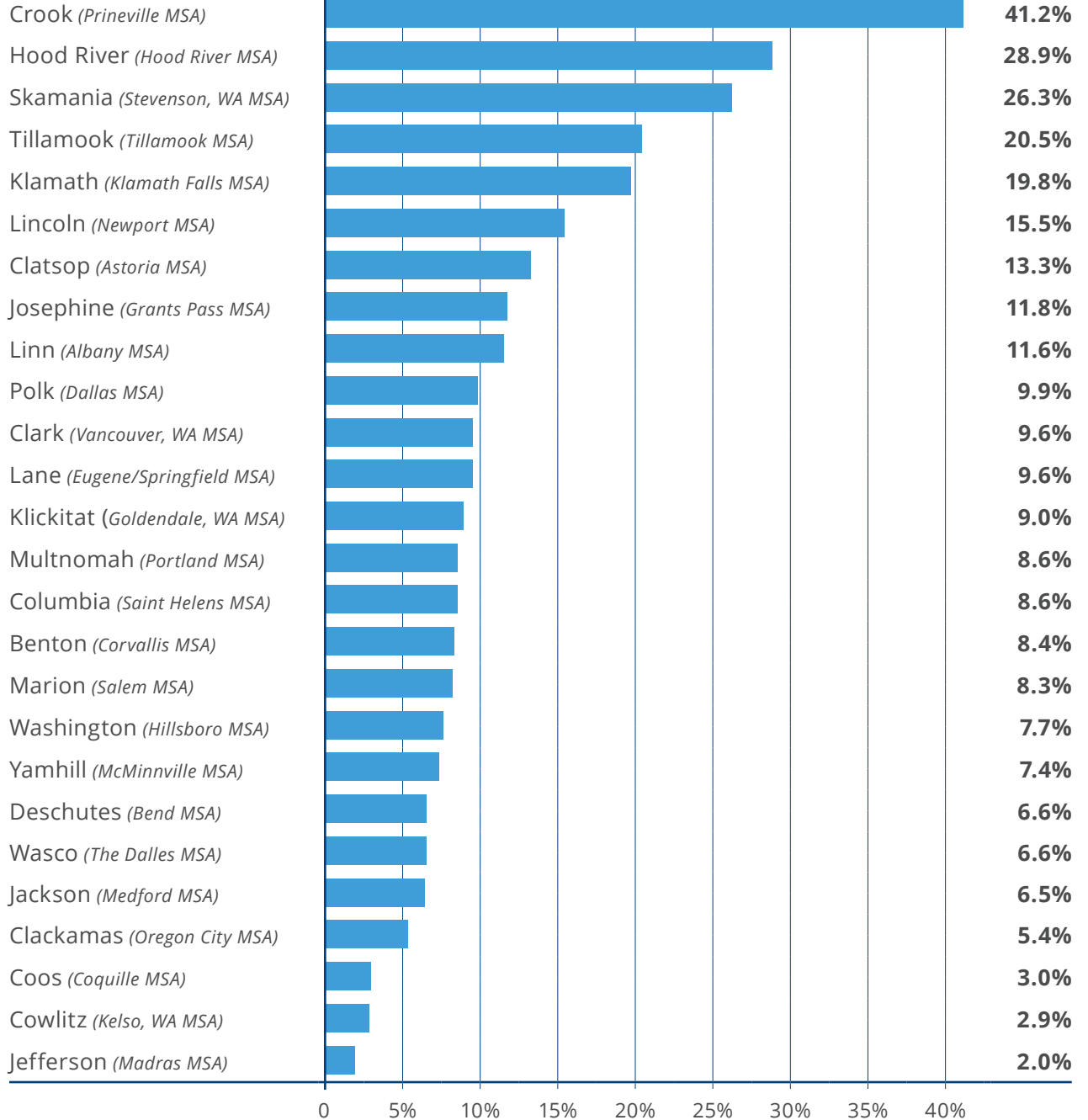
HOME PRICES

- The average home price in the region rose 7.8% year-over-year to \$362,845. This is down from 9.4% in the first quarter of 2017.
- Crook County led the market with the strongest annual price growth. Homes there sold for 41.2% more than a year ago.
- All counties in this report experienced rising prices when compared to the second quarter of 2016, and several of these saw significant, double-digit increases.
- The rise in interest rates in the first quarter likely activated many would-be buyers, which, in concert with limited homes for sale, likely pulled sales forward.

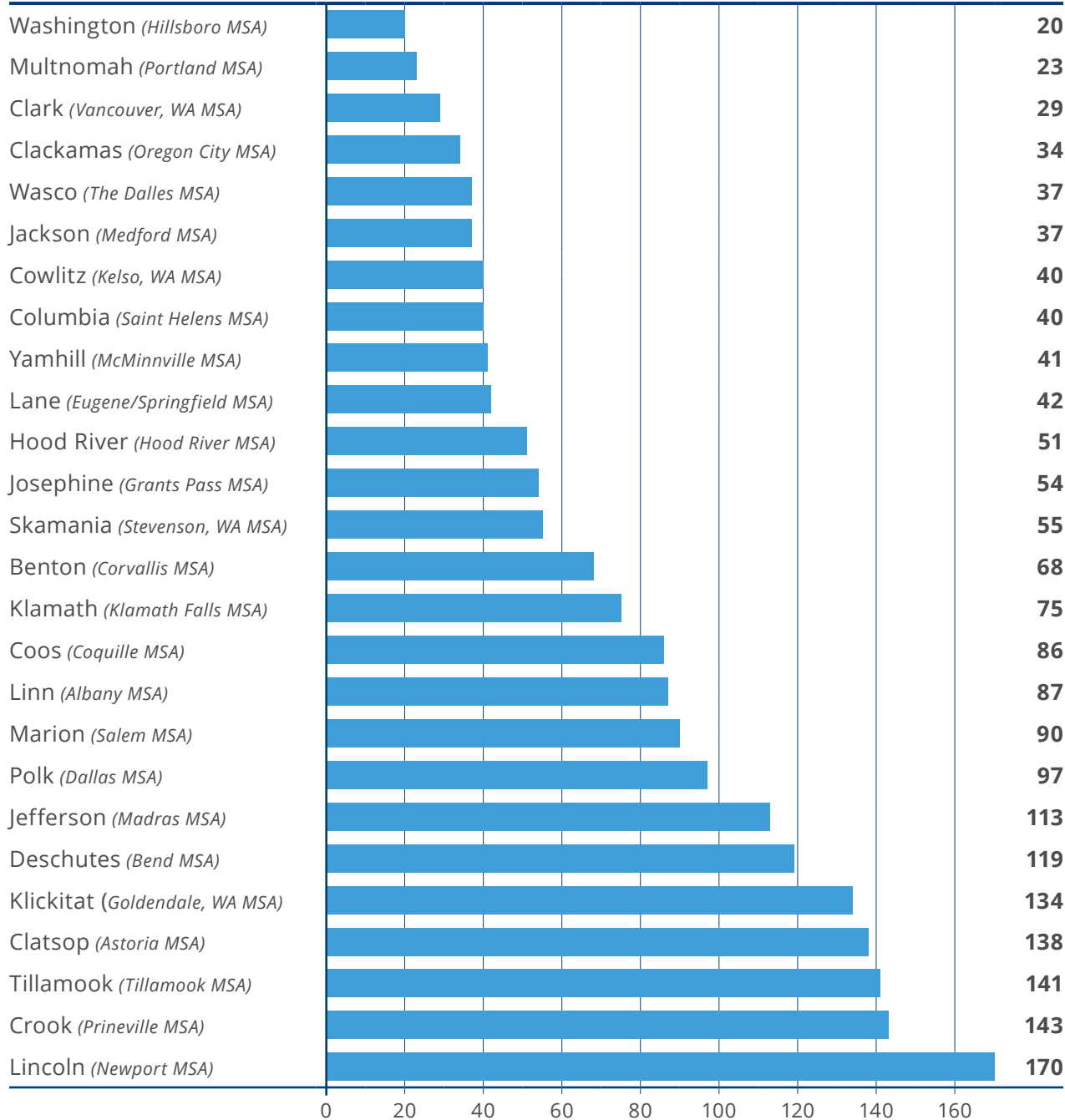


ANNUAL CHANGE IN HOME SALE PRICES

Q2-2016 TO Q2-2017



AVERAGE DAYS ON MARKET



Q2-2017

DAYS ON MARKET

- The average number of days it took to sell a home in the region dropped by 10 days when compared to the second quarter of 2016, and is down by 23 days when compared to the first quarter of this year.
- The average time it took to sell a home in the region last quarter was 75 days.
- In five counties, the length of time it took to sell a home rose when compared to a year ago, but this isn't a concern right now.
- Homes sold the fastest in Washington and Multnomah Counties, where it took an average of just 20 and 23 days, respectively, for homes to sell.

CONCLUSIONS



The speedometer reflects the state of the region's housing market using housing inventory, price gains, home sales, interest rates, and larger economic factors. Housing markets throughout Oregon continue to benefit greatly from the robust regional economy.

Even as home sales have slowed in some counties, the market is remarkably tight and will likely remain that way for the balance of the year. As such, I have moved the needle slightly more toward sellers for the second quarter.